

Message Text

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AMEMBASSY ACCRA

AMEMBASSY BAMAKO

AMEMBASSY BELGRADE

AMEMBASSY BONN

AMEMBASSY CONAKRY

AMEMBASSY DAKAR

AMEMBASSY FREETOWN

AMEMBASSY THE HAGUE

AMEMBASSY KINGSTON

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMCONSUL PARAMARIBO

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AMEMBASSY TOKYO

AMEMBASSY YAOUNDE

S E C R E T STATE 036525

FOLLOWING REPEAT STATE 036525 ACTION CANBERRA WELLINGTON

CONAKRY CINCPAC FEBRUARY 23RD

QUOTE

S E C R E T STATE 036525

CINCPAC ALSO FOR POLAD

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E.O. 11652: GDS

TAGS: AS, US, GFOR, ANZUS

SUBJECT: SHAW CALL ON ACTING SECRETARY RUSH: US/

.. AUSTRALIAN ECONOMIC RELATIONS

1. SUMMARY: DURING CALL BY AMBASSADOR DESIGNATE SIR PATRICK SHAW ON ACTING SECRETARY RUSH FEBRUARY 21, SEVERAL ECONOMIC MATTERS RAISED. ENERGY CONFERENCE DISCUSSED. SHAW GAVE ASSURANCES GOA POSITION WITH OTHER BAUXITE PRODUCERS WOULD BE A RESPONSIBLE ONE. END SUMMARY.

2. DURING PRESENTATION OF LETTERS OF CREDENCE BY AUSTRALIAN AMBASSADOR DESIGNATE SIR PATRICK SHAW, FEBRUARY 21, TO BE REPORTED SEPTEL, SHAW RAISED SEVERAL ECONOMIC MATTERS WITH ACTING SECRETARY RUSH. HE ASKED ABOUT RECENT ENERGY CONFERENCE AND RECEIVED THE ACTING SECRETARY'S BRIEFING ON BOTH THE ECONOMIC FACTORS AND THE IMPLICATIONS FOR FUTURE UNITY WITHIN THE EUROPEAN COMMUNITY. MR. RUSH REPORTED THAT PRESIDENT NIXON HAD STRESSED THE INDIVISIBILITY OF ECONOMIC, ENERGY AND SECURITY CONSIDERATIONS IN SPEAKING TO REPRESENTATIVES AT CONFERENCE AND THAT THIS THEME HAD RECEIVED GENERAL ACCEPTANCE FROM ALL BUT FRENCH.

3. SHAW STATED THAT HE FELT THAT RESOURCES POLICIES WOULD BECOME A MAJOR ISSUE IN PERIOD AHEAD. HE CITED URANIUM, ALUMINUM, AND COAL AS COMMODITIES IN WHICH AUSTRALIA WAS MOST CONCERNED AS A PRODUCER. THE WORLD HAD GREATLY CHANGED IN LAST 4 MONTHS, YET MANY DID NOT REALIZE THIS FACT, SHAW STATED.

4. ACTING SECRETARY RUSH STATED THAT WHAT WAS NEEDED WAS A COOPERATIVE PLAN BETWEEN THE PRODUCING AND CONSUMING COUNTRIES SO THAT THE WORLD COULD AVOID DRASTIC ECONOMIC SHOCKS. FACT WAS THAT THE WORLD IS SHORT OF ENERGY AND THAT NATIONS HAD BECOME TOO DEPENDENT ON ONE FUEL PRODUCED IN ONE AREA.

5. SHAW REPORTED THAT ONE OF FIRST REACTIONS OF THE
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NEW AUSTRALIAN GOVERNMENT ABOUT A YEAR AGO WAS TO CLAIM THAT AUSTRALIA HAD BEEN "SELLING THE FARM" TOO CHEAPLY. THERE HAD THEREFORE BEEN A HALT WHILE GOA COULD DEFINE ITS GUIDELINES. HERE, HOWEVER, THE GOA WAS AT FAULT BECAUSE A YEAR LATER MANY THINGS WERE STILL LEFT UNDEFINED. PROBLEM FOR AUSTRALIA WAS NOT ONE OF KEEPING OUT FOREIGN INVESTMENT BUT ESTABLISHING PREDICTABLE RULES UNDER WHICH FOREIGN INVESTMENT COULD

OPERATE. ON ISSUE OF NATIONAL RESOURCES, SHAW STATED, IT IS PM WHITLAM WHO WILL MAKE THE BASIC DECISIONS, NOT RPT NOT HIS ECONOMIC MINISTERS.

6. SHAW REPORTED THAT FOREIGN SECRETARY WILLISEE WILL BE REPRESENTING AUSTRALIA AT FORTHCOMING BAUXITE PRODUCERS CONFERENCE IN GUINEA. AUSTRALIA DID NOT, HOWEVER, FAVOR IDEA OF CREATING SOME SORT OF "PRODUCER'S CARTEL TO JACK UP BAUXITE PRICES," DESPITE FACT THAT SOME OF THE LESSER DEVELOPED NATIONS WITH BAUXITE RESOURCES WANT THE GOA TO JOIN IN PRECISELY SUCH AN EFFORT. GOA, SHAW SAID, WILL INSIST THAT NO SUCH PRODUCER'S CARTEL BE CREATED, BUT THERE BE CONTINUED RELIANCE ON NORMAL PREDICTABLE MECHANISMS OF THE WORLD MARKET. AT CONAKRY CONFERENCE AUSTRALIA WILL INSIST THAT THE DEVELOPMENT OF BAUXITE RESOURCES BE PURSUED ON THE BASIS OF COOPERATION BETWEEN PRODUCING AND CONSUMING COUNTRIES.

7. ACTING SECRETARY RUSH REMARKED ON THE IMPRESSIVE MINERAL RESOURCES OF THE AUSTRALIAN CONTINENT. SHAW RESPONDED THAT MINERALS IN THE GROUND HAVE NO VALUE; THEY HAVE TO BE PROPERLY EXPLOITED FIRST. IN MUCH OF THIS DEVELOPMENT, THE AUSTRALIANS WOULD CONTINUE TO DEPEND UPON OTHERS, SHAW SAID.

8. SHAW INDICATED THAT HE WOULD PROBABLY WANT TO DISCUSS THE DEVELOPMENT OF THE AUSTRALIAN MINERAL RESOURCES WITH RUSH WHEN THEY MEET. RUSH UNQUOTE CASEY

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